



Health Services

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To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners.



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July 23, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Don Knabe
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: Mitchell H. Katz, M.D.
Director

SUBJECT: **NOTICE OF INTENT TO REQUEST DELEGATED AUTHORITY TO APPROVE A PERCENTAGE INCREASE EXCEEDING 10 PERCENT OF THE TOTAL AGREEMENT AMOUNT OF EQUIPMENT MAINTENANCE AND REPAIR SERVICE AGREEMENT WITH PARATA SYSTEMS, LLC**

This is to advise the Board that the Department of Health Services (DHS) is scheduling a Board letter for the August 6, 2013 agenda that requests approval to execute an amendment to an Equipment Maintenance and Repair Service Agreement with Parata Systems, LLC (Parata) to increase the maximum obligation of the Agreement as well as delegate authority for future annual maximum obligation increases of no more than 40 percent.

In accordance with Board of Supervisors' Policy 5.120, prior Board notice is required for any department requesting delegated authority to increase Board-approved contracts by over 10 percent.

BACKGROUND

DHS fills over four million outpatient prescriptions per year. The Parata automated prescription dispensing system can process more than 150 prescriptions per hour by using the workflow dispensing method, which has three processes – imaging, packing, and filling. This system is also designed to use a bar-coded maintenance system to ensure accuracy and virtually eliminate the potential for human error. By using this system, the pharmacists can focus their time on providing counseling to patients on medication use and improving patient awareness and safety when using prescription medications.

Parata is the Original Equipment Manufacturer (OEM). The OEMs use proprietary technology in their equipment and software to ensure that the competitors cannot service the equipment or limit the availability of the parts to the third party. When the original equipment purchase warranty expires, the best option is to contract with the OEM to ensure that the equipment is maintained in accordance with equipment specifications.

Another benefit to contracting with the OEM is the guarantee of faster access to OEM parts when repair services, especially for emergencies, are needed.

JUSTIFICATION

Approval of the recommendation will allow the Director, or his designee, to increase the maximum obligation of the Agreement up to 40 percent of the annual maximum obligation, if necessary, to add equipment coming off warranty, and/or emergency where applicable and/or out of scope repairs, and/or additional DHS locations. The facilities will only request that equipment or locations be added if additional services are needed and funding is available in the facility's budget.

The Joint Commission on the Accreditation of Healthcare Organizations (The Joint Commission) requires facilities to ensure routine preventative maintenance, timely repairs, and performance/safety testing of its equipment and to maintain patient safety. Therefore, this delegated authority is necessary to enable the Agreement to be amended timely to guarantee that the critical equipment is maintained appropriately, as well as to meet the requirements of The Joint Commission. Board policy generally allows delegated authority to increase the maximum obligation up to 10 percent. However, based on experience in recent years with several other equipment maintenance service agreements, DHS believes that requesting 40 percent for potential increases is appropriate since adding even a few pieces of equipment or an additional facility may require a significant funding increase.

If DHS is not able to add equipment to the existing Agreement, the alternative is to request a Purchase Order (PO) from the Internal Services Department. The lead time to obtain a PO is much longer than execution of an amendment to an existing DHS Agreement using the Board's delegated authority.

NOTIFICATION TIMELINE

Consistent with the procedures of Board Policy 5.120, we are informing the Board of our intention to proceed with the filing of the Board letter with Executive Office of the Board for the August 6, 2013 Board Meeting.

If you have any questions or need additional information, please let me know, or your staff may contact Kathy Hanks, at (213) 240-7819 or khanks@dhs.lacounty.gov.

MHK:kh

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors